

VZCZCXRO6151
OO RUEHRG
DE RUEHSO #0873/01 2211948
ZNR UUUUU ZZH
O 091948Z AUG 06
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5570
INFO RUEHBR/AMEMBASSY BRASILIA 6646
RUEHRG/AMCONSUL RECIFE 3068
RUEHRI/AMCONSUL RIO DE JANEIRO 7345
RUEHAC/AMEMBASSY ASUNCION 2707
RUEHBU/AMEMBASSY BUENOS AIRES 2385
RUEHMN/AMEMBASSY MONTEVIDEO 2098
RUEHLP/AMEMBASSY LA PAZ 2950
RUEHSG/AMEMBASSY SANTIAGO 1822
RHEHNSC/NSC WASHDC
RUEAIIA/CIA WASHDC
RUMIAAA/USCINCSO MIAMI FL
RUEAWJC/DEPT OF JUSTICE WASHDC
RUEABND/DRUG ENFORCEMENT ADMIN HQ WASHDC

UNCLAS SECTION 01 OF 04 SAO PAULO 000873

SIPDIS

DEPARTMENT FOR DS/IP/WHA, DS/ICI/PII, DS/DSS/OSAC, WHA/BSC
NSC FOR FEARS
DEA FOR OEL/DESANTIS AND NIRL/LEHRER
DEPT ALSO FOR WHA/PDA, DRL/PHD, INL, DS/IP/WHA, DS/DSS/ITA
BRASILIA FOR RSO AND LEGAT; RIO DE JANEIRO FOR RSO
SOUTHCOM ALSO FOR POLAD

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: PGOV KCRM CASC ASEC SNAR SOCI BR
SUBJECT: FEWER PCC ATTACKS IN SAO PAULO BUT NEW POLITICAL BATTLES
AMIDST TALK OF ARMY INTERVENTION

REF: (A) SAO PAULO 869; (B) SAO PAULO 865; (C) SAO PAULO 771; (D)
SAO PAULO 742; (E) SAO PAULO 573

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY.

¶11. (SBU) SUMMARY: The third day of what is being called the third wave of PCC-led attacks in Sao Paulo state brought only a few new incidents on Wednesday morning, August 9. The newest attacks, however, included targets in upper-scale neighborhoods and the greater use of homemade bombs. Meanwhile, the state's crime and security problems are becoming increasingly politicized, as civic leaders of different parties level accusations of ineffectiveness and even collaboration with criminals. Amidst renewed and louder calls for military intervention to combat organized crime in Sao Paulo, the state's governor and public security secretary stand firm in resistance, with some analysts suggesting that either way, President Lula gains political strength as problems in Brazil's most populous and affluent state - governed by rival political parties - are highlighted in the news daily. Appearing to enter the fray personally, it appears Lula himself will visit an Army installation in Sao Paulo this Friday, but will leave the state on the eve of the Father's Day holiday, during which many fear the PCC will launch new attacks. END SUMMARY.

URBAN WARFARE, DAY THREE

¶12. (SBU) Elements of the organized crime gang First Capital Command (PCC) orchestrated few attacks against government and private sector targets in the early morning of Wednesday, August 9, in what is being called the Third Wave of PCC-led attacks since May (reftels). Early morning attacks on Wednesday occurred in the cities of Itu and Sumare, approximately 65 and 75 miles northwest of Sao Paulo respectively. Homemade bombs were tossed at a police station and the house of a police officer. A bus was also torched inside a municipal garage.

¶13. (SBU) In greater Sao Paulo, homemade bombs were tossed at bank outlets in the fashionable Pinheiros and Morumbi neighborhoods. The bank in Pinheiros was on Avenida Teodoro Sampaio, which, during the daytime, is a long, bustling, reduced-price shopping district. A car was also torched in a court parking lot. The bomb squad of the Military Police unit called "GATE" (Special Actions and Tactics Group) also detonated a suitcase or briefcase left unattended on Avenida Paulista in the city's main business district, but it was found to be harmless. In all, there have been 150 attacks in Sao Paulo state since early Monday morning (August 7). Perhaps due to increased security around police and public security facilities, the attacks this week seem to be targeting "softer" targets in more upscale neighborhoods, and involve the use of homemade bombs versus the Molotov cocktails and drive-by shootings that were more common during the previous waves of attacks.

POLITICAL WARFARE IN EARNEST

¶14. (SBU) Politicization of Sao Paulo's crime and prison problems has taken off in earnest with this third wave of PCC attacks, as President Lula's Workers Party (PT) challenges the effectiveness of opposition party leadership of Sao Paulo state under current Governor Claudio Lembo of the Liberal Front Party (PFL) and former governor and current presidential candidate Geraldo Alckmin of the Brazilian Party for Social Democracy (PSDB). In an interview with the daily newspaper Folha de Sao Paulo, Governor Lembo admitted that his government was surprised by this third wave of PCC attacks, but he said this did not indicate fault in police intelligence or public security. He once again dismissed the increasingly vociferous calls from Ministers and politicians in Brasilia for Army units to be dispersed in Sao Paulo. When asked what he thought of federal

SAO PAULO 00000873 002 OF 004

Justice Minister Marcio Thomaz Bastos's renewed offer of Army troops to combat the PCC, Lembo said, "I would very much like to see the Army on the borders. But this issue is between the borders." Lembo also said the issue is being politicized, but not by him (ref B).

¶15. (SBU) Justice Minister Bastos admitted that Sao Paulo never received the 100 million reals (approximately \$500,000) of federal funds it was promised for public security upgrades, at first faulting bureaucratic snafus, and then admitting that 13 million reals of the allotment went to a prison project in Santa Catarina state in southern Brazil. He defended this diversion of funding, saying the Santa Catarina project was ready and under way while Sao Paulo still needs to submit project plans or use of prison construction funds. The Minister promised to release 35 million reals as early as this week for two "large and important" projects in Sao Paulo, as long as the State Prison Authority (SAP) provides his office with solid plans. The remaining 65 million reals is earmarked for improving intelligence-sharing with the Federal Police, and Bastos said this will also be released when documentation is in order.

¶16. (SBU) Meanwhile, political opponents turned up the heat on Sao Paulo's Secretary for Public Security Saulo Abreu, saying he is full of "pyrotechnics," and the PT said it will sue Abreu for comments he made during live television program. During the show, Abreu accused the PT of collaborating with the PCC in order to make Sao Paulo's state government appear weak. While several other politicians have insinuated such a link, Abreu stated on air yesterday that he had proof of a connection between the PT and efforts to destabilize Sao Paulo's government for political gain in the run-up to national elections. He also accused a former PT-aligned transportation secretary of similar collusion with the criminal gang, alleging that the only buses burned in Sao Paulo this week belonged to cooperatives with ties to the ex-secretary.

¶17. (SBU) President Lula himself appears to have entered the fray. The daily newspaper Estado de Sao Paulo reported that the president will visit Sao Paulo on Friday, August 11, to review newly minted troops at the Army's Southeast Military Command (CMSE). He has never visited the CMSE, and Estado reported that he only informed the base's commander of his visit this last Monday morning, just as

news outlets were reporting that the PCC had launched a new wave of attacks across Sao Paulo state. His visit is scheduled for 11:00 am on Friday, and he will leave that same day, before the Father's Day weekend furlough of thousands of prisoners brings the threat of renewed violence (refs A-B).

¶8. (SBU) Leading dailynewspaper Estado suggested that if violence breaks out this weekend and the state government finally succumbs to pressure to call in the Army, Lula will score a "triple victory," by 1) exposing weakness on the part of the Sao Paulo government if the streets quiet down after the dispersal of federal troops, 2) linking a sense of security amongst the populace to federal action, and 3) enhancing the image of federal effectiveness (and, by extension, of Lula's) if violence returns after a short-term Army intervention. But the newspaper Folha suggested a completely opposite intention on the part of the Lula Administration: Lula and his top aides are happy that Governor Lembo continues to resist the use of the Army on the streets of Sao Paulo, because the tension allows the federal government to appear beneficent and at the ready while the state government appears arrogant and hapless, and Lula's team does not want to risk failure in confronting the PCC during an election campaign.

CALLING IN THE ARMY

¶9. (SBU) Various top members of the Lula Administration continue to press the need for Brazilian Armed Forces to intervene in Sao Paulo state security, including Vice President Jose Alencar, who compared

SAO PAULO 00000873 003 OF 004

the situation to one that occurred while he was Defense Minister and federal troops successfully restored law and order in the state of Espirito Santo at the request of its governor.

¶10. (SBU) Intervention in Sao Paulo by Brazilian federal forces would likely come in two forms, and possibly in two stages. The National Force for Public Security (FNSP) would likely be called in first; then, if needed, members of the Brazilian Armed Forces. In his rejection of federal troops on the streets of Sao Paulo, Governor Lembo routinely says 200 men will not have an effect on a massive criminal organization in a city of 18 million inhabitants and a state of 42 million. In this argument, Lembo focuses on the FNSP, which is a relatively new and unknown entity in Brazil.

¶11. (SBU) President Lula created the National Force for Public Security in 2004, in an effort to support states' efforts at combating riots and crime sprees. The National Force is essentially a reserve unit comprised of elite police officers from every state in Brazil. The Force receives special training for rapid reaction and deployment during times of mass disturbances. The National Force was first deployed in the state of Espirito Santo in November 2004, after several nights of bombings and vehicle burnings -- similar to the PCC-led attacks in Sao Paulo of late -- left the state's security forces overwhelmed. 150 members of the FNSP were deployed to replace Army troops originally sent in to quell the violence. More recently, a contingent of the National Force was used in July 2006 to move five inmates thought to be leaders of a recent prison riot from a prison in the interior of Mato Grosso do Sul to a maximum-security facility in the state's capital, Campo Grande.

¶12. (SBU) The Estado article quotes a protected source in the capital as saying that on a scale of 1 to 10, the chances of the Army being called into Sao Paulo are "close to 10." The article lays out options for the use of several infantry and airborne brigades situated in Sao Paulo state that could be mobilized quickly. These units have experience with urban discord through recent peacekeeping tours in Haiti. Justice Minister Bastos is quoted as saying that up to 10,000 men could be deployed in Sao Paulo within 48 hours, suggesting these locally-based units would be tapped.

¶13. (SBU) The countervailing argument made by Folha is that Brazilian military leaders are not nearly as anxious to enter Sao

Paulo to combat organized crime as some of the civilian leadership seems to be, in part because they will not subordinate command of their troops to state Secretary of Public Security Abreu. While Brazilian constitutional law seems to confer to the president full control over the mobilization of the military in a crisis, political disputes would likely arise, particularly given Secretary Abreu's forceful presence (considered arrogant and abrasive by opponents) and Governor Lembo's prolific use of the bully pulpit. The Estado article also suggested that while both the Army leadership and Governor Lembo concur that deploying federal troops in Sao Paulo would likely cause a diminution of street crime, the real and long-term problem lies in the overcrowded and undisciplined prisons.

Lembo also complains that the cost of any federal presence will be enormous and will be billed to the state government. Referring to the recent agreement for the State to lease two Cougar HM-3 helicopters from the Army (ref B), the Governor quipped, "The helicopters will cost us \$50,000 [per use]. How much with the Army cost?"

CRIME AND POLITICS

¶14. (SBU) COMMENT: Crime and public safety have long been troubling societal issues in Sao Paulo and across Brazil. But as the presidential candidates swing into full campaign mode, crime and public safety are now taking on renewed political significance, such

SAO PAULO 00000873 004 OF 004

that every attack by the PCC in Sao Paulo will be viewed not only in terms of the injury and damage caused, but through the prism of party politics. The commander of the Sao Paulo Military Police (PM) noted in an interview Tuesday that Sao Paulo residents should expect ongoing PCC attacks up until the presidential elections in October. How and when federal forces will be called in to help combat organized crime in Sao Paulo - if at all - and whether those forces will be effective against the well-armed and organized PCC, is yet another calculation both state and national leaders must make in both their policy and political strategies. By playing the role of the wild-card, it seems the PCC might still have the strongest hand in this game. END COMMENT.

¶15. (U) This cable was coordinated/cleared by Embassy Brasilia.

MCMULLEN